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United Nations

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OIL FOR FOOD

The sanctions imposed on Iraq in the aftermath of the Gulf war, caused enormous suffering to the Iraqi people. Three years ago, the United Nations Security Council allowed Iraq to sell oil under the "Oil for Food" programme to meet the humanitarian needs of Iraq. Denis Halliday, United Nations Humanitarian Coordinator for Iraq, discusses the different aspects of this programme and its impact on the Iraqi society, in general, and on the ordinary Iraqi, in particular. Mr. Halliday believes that the "Oil for Food" programme is not a substitute for lifting the sanctions.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

When the Gulf war ended, the United Nations Security Council adopted resolution 687 calling for a ceasefire and imposing sanctions on Iraq until it eliminates weapons of mass destruction. Three years ago, the Security Council allowed Iraq to sell oil under the "Oil for Food" programme to alleviate the plight of the Iraqis suffering from the sanctions. Is this arrangement making a difference in the life of the ordinary Iraqi? And is it a substitute for lifting the sanctions?

Our guest today is closely in touch with the situation on the ground in Iraq. He is Denis Halliday, United Nations Humanitarian Coordinator for Iraq.

Joining me to talk with Mr. Halliday are Barbara Crossette of *The New York Times* and Raghida Dergham of *Al-Hayat of London*. Mr. Halliday welcome to **World Chronicle**.

HALLIDAY: Thank you.

LITTLEJOHNS: Mr. Halliday, you've been with the United Nations for a very long time. You have the rank of Assistant-Secretary-General, I believe, and you are formerly the Head of Personnel or Human Resources Management as it is now called. Could you tell us what your duties are in Iraq as the Humanitarian Coordinator.

HALLIDAY: Certainly. Recently, during the visit of the Secretary-General, I was referred to as the 'Secretary-General's man in Iraq'. Now, in fact, that's a – some more limited function than that – implies I'm involved only in the humanitarian assistance programme, working with the government intimately in terms of making this programme work, working closely with the agencies and programmes of the UN system, who are working throughout Iraq under the 986 programme with 986 resources and also in terms of the Northern Governorates -- the three Northern Governorates – working with the local authorities there to have the UN agencies execute the - implement the projects of 986 up there.

LITTLEJOHNS: Why do you single out those governorates?

HALLIDAY: Well, we have a slightly different relationship between the Central and the South, which is a system of distribution handled entirely by the government and supported by us, to a certain extent, and includes an observer capacity, an observer role for the United Nations system. In the North, through the UN system of agencies and programmes, we implement the process itself.

LITTLEJOHNS: Mr. Halliday, we have heard a good deal about the failure of the Iraqis to cooperate in certain areas in connection with the operations of the Special

Commission trying to eliminate weapons of mass destruction. How much cooperation are you getting in your field?

HALLIDAY: I must say the cooperation, both with the Ministry of Foreign Affairs and the Technical Ministry, is extremely satisfactory. The agencies and programmes of the UN work very closely with their technical counterparts on all aspects of the programme. In recent months, we had some disappointment in the sense that the government was not able, formally, to acknowledge the work we did on the supplementary report of the Secretary-General. They did not formally endorse the presentation of the Secretary-General in terms of the 5.2 billion.

LITTLEJOHNS: Why is that?

HALLIDAY: I think there was some hesitation in terms of their understanding of the MOU – the Memorandum of Understanding – the role in putting together priorities, and the ceiling and the availability of pumping capacity and the role of the UN and the Secretary-General to make a case to the Security Council for an enhanced programme given the malnutrition situation prevailing.

CROSSETTE: How serious have this complaints been, because as you go into the third phase you have a great deal more money, one assumes, and also more scope and more ideas, and so on, and this issue of sovereignty that comes up in so many relations with Iraq is rising again, I gather from correspondence that Mr. Annan has had from the Iraqis. How do you plan to deal with this?

HALLIDAY: I don't honestly see a serious problem here. I think the Secretary-General, of course, and those of us in the Secretariat, respect both the spirits and the letter of the Memorandum of Understanding. It's quite clear the priorities of the sectors and the cross-sectoral distribution rests with the government of Iraq. Meantime, however, we need to identify needs, we do have a special role in Northern Governorates and bringing these two things together does sometimes put a little pressure on the government and ourselves. There's a tight time frame, there's a heavy demand for action, and we normally sort these things out reasonably well.

CROSSETTE: With your new programme coming or about to be ready to be implemented, what kind of new ideas are you hoping to – how you're hoping to, perhaps, expand this, or plug up holes in the earlier phases or what ideas have you got for some innovative ways to improve the lot of Iraqis by making the money go farther, perhaps, than just purchases?

HALLIDAY: Well the focus will continue to be on nutrition. That starts with the food basket itself which, for the first time, will contain animal proteins. And the government

has decided that these will take the form of cheese and full cream powdered milk, which can be used for yoghurt, for other family needs. In support of that, more money will go into the health sector. A great deal, in fact, into rehabilitation of existing clinic and hospital facilities, in addition to a better supply of drugs and other basic medical requirements. Fundamental to nutrition, in addition to those two inputs, is electric power. The fresh water supply, in many parts of the country, is in very bad shape. It undermines, in fact, the quality of food intake, it undermines the health system for young children. Poor water supply is a dangerous, a very dangerous phenomenon. So the water system is being enhanced through pipes and distribution systems in pumping capacity and electric power needs a great deal of investment, in fact, to keep that system functioning. So those are two additional sectors that need attention.

LITTLEJOHNS: That was largely destroyed during the wars, is that what you're saying?

HALLIDAY: I think a great deal of damage was done many years ago, and the maintenance has been neglected perhaps, since then, for lack of resources, and we're paying the price for it now.

CROSSETTE: And lack of spare parts, right?

HALLIDAY: Lack of spare parts over many years have certainly made it almost non-functioning in some respects.

DERGHAM: And yet, I think, the United Nations is recommending fixing electrical systems in the Northern governorates not in other parts of Iraq, am I incorrect in these?

HALLIDAY: No, not exactly, you're right, of course. The system in the North, the two large hydro-systems are part of the national grid. They serve the entire country, so they do need to be fixed. There's some danger that the dams themselves may need attention. But the Secretary-General had recommended that a separate study be carried out for the Centre and the South given that our estimate of need is something like six to seven billion dollars and he felt that this needs some refinement and some order of priority and some means to move it forward. We can't do everything at once.

DERGHAM: Mr. Halliday, let me take you back away from the details of the plans to do for Iraq within this Oil for Food. You lived there. You've been spending the last few months there. Can you describe what is in Iraq today in terms of a society? What effect are the sanctions making on the ordinary Iraqi?

HALLIDAY: Well, I think, it has created a tremendous amount of stress and tension. For example, apart from the issue of nutrition, which is a constant nagging concern of families, mothers, parents for their children and the family's well-being generally, there's an

issue of unemployment. The consumer industry – its manufacturing industry – has declined. I've met with union leaders who lament the situation in terms of their own membership. Society has suffered. We now have in Baghdad, I understand for the first time, street children – children who are begging for money or possibly food to make ends meet. Individuals, families, have been obliged to sell their property, their furniture, their books in order to make ends meet – again – certainly – the two or three jobs is certainly a reality for many people. The flight of professional expertise overseas is a very real problem – very damaging, I think, for the long term of the Iraq economy and the well-being of its people. I think, the sense of isolation, lack of contact with the outside world through television, through technical and other magazines, through books is also one of great concern in that there's a sense of, perhaps, alienation in terms of the neighbourhood and the world as a whole which is, I think, of great concern. All of these will take a lot of attention and hard work as soon as the opportunity arises.

DERGHAM: So you would say easily that the fabric of the society in Iraq has disintegrated drastically. Is it beyond repair or would you say that first and, if so, is it beyond repair through the Oil for Food Programme?

HALLIDAY: Well, I don't think I am really the proper person to judge, firstly. But secondly, 'disintegrated drastically' is too strong a statement. I think the Iraqis are a very resilient, proud people. There was I had the pleasure of working with extremely high talent and technical capability and dedication to the work that they're doing. I'm sure this can be restored and repaired. It will take time, I'm sure, it will take financial and other investment and people will need to come back and contribute and be allowed to contribute.

DERGHAM: Can be done through Oil for Food or does it need the lifting of the sanctions, that's my question?

HALLIDAY: Oil for Food is a supplementary programme – it's a short term, temporary programme. It is not the solution. It's purely a stop-gap measure. The whole – the full economy – will need to be restored and that's the longer term probably.

CROSSETTE: To pick on your idea about isolation – have some private organizations in this country and perhaps in Europe have started proposing alternatives or at least ways to medicate sanctions and one of them is this idea that Iraqis should be allowed to travel, should be allowed to belong to professional organizations. Perhaps, this is far-fetched but, in any way and within the humanitarian area that you work or control, has there been any discussion in a practical way this could – for example, have you tried to import, for example, books or periodicals or things that Iraqis feel so much that they're missing and they're out of touch with – their professions with, you know, the world intellectual movements, that kind of thing.

HALLIDAY: I think this sort of enhancement of the situation is informal and outside the 986 mandate proper with the exception of the education sector where we are involved with very basic materials for children including desks and pencils and paper. So we're not tempting or not mandated to fill that sort of gap in terms of communications and access to outside technological and other information which might, in my view, is certainly missing.

CROSSETTE: Perhaps, you could give us a little bit of a vivid description of the some of the hospitals. You mentioned the clinics and hospitals but, I think, many people weren't aware first of all how good they were, am I not correct, and then what's happened now?

HALLIDAY: Well, I believe that some ten years ago, Baghdad had become something of a centre of medical expertise and quality standards in this part of the world and people had come in for surgery and medical attention. In fact, that's still true. I understand that individuals come to Baghdad today for surgery, sophisticated surgery, where the – because the quality of the medical profession is so renowned. Today, of course, they'd probably bring with them all the drugs and other paraphernalia required. But it's what makes it, I think, very difficult for the Iraqi people is to have had such a high quality of life, standard of living, health care, educational system, social systems and to find now that those systems are crumbling or half crumbled and that the protection and support they were used to, through the government system, is no longer there and the contrast between the way it was and the way it is is a constant reminder of the tragedy of what the situation is today.

DERGHAM: So they must hold the sanctions responsible for that or do you sense that they hold sanctions and those behind the sanctions responsible for what had happened to them?

LITTLEJOHNS: But medicines surely were exempted from sanctions, weren't they?

HALLIDAY: Well, two questions there. I think the – yes, of course, the average Iraqi is aware of the United Nations, the role of the Security Council, the sanctions, the embargo and they feel this in the lack of capacity. The economy is down, the purchasing power of the dinar has collapsed. Life is extremely difficult, particularly for fixed income people, which would be, I guess, the majority. You're right in the sense that medicines were coming into the country prior to the 986 programme. But again a very limited quality – no, limited quantity, I should say. And they're still coming in, informally, from Jordan and other neighbouring countries. It's just the capacity, the adequacy is missing. That's being the problem, and that's, I think, that's why the Secretary-General has recommended this very substantial increase so we can do better.

LITTLEJOHNS: This is World Chronicle. Our guest is Denis Halliday, United Nations Humanitarian Coordinator for Iraq. Mr. Halliday, what's the calorie count per person per day under your scheme?

HALLIDAY: What we're targeting now is 2,463 kilo calories per day.

LITTLEJOHNS: That's pretty good, isn't it?

HALLIDAY: Well, that's the target. In addition to that there would be some protein and other minerals and vitamins. Reaching that target requires the financial resources, it requires the contracting and approval process. In some cases, it requires the manufacturing of drugs and other basic needs. But the food stuffs area is, perhaps, the most viable in terms of delivery. But we've had delays. We do not have a reserve stock system and ships do get diverted or slowed down, we do miss some elements some of the food basket, in fact, this March it's going to be a full basket but for several months, that has not been the case.

LITTLEJOHNS: What about the cost of food?

HALLIDAY: The cost of food is quite staggering. We're talking of a population of some 23 million people. And recently, when we put together the enhanced programme and the Ministry of Trade determined that cheese and full cream powdered milk would be the best way to bring in animal proteins, we immediately looked up another 800 to 900 million dollars per 6 months and that added – and that brings the total for the food sector up to about 1.6-1.7 million per – sorry – 1.7 billion per 6 months. It's an overwhelming amount of money when you break it down like that.

DERGHAM: I just have a quick question about the state of the hospitals and UNICEF, on the last year, I believe, a few months ago, said that about 5,000 children a month were dying in Iraq. Is this still the case or, please correct me if I'm wrong, on the figure, because it seems to me that it's – was it 5,000?

LITTLEJOHNS: 5,000 under 5 –

DERGHAM: Under 5 – 5,000 children under 5 years of age were dying per month.

HALLIDAY: Well, there is – there are a number of figures. There are figures that are much higher than that, probably twice that. The UNICEF figures, certainly, would be – they're internationally verified figures and they relate, I believe, to the impact of the sanctions in terms of child mortality and I believe UNDP has put out a report which shows that ...

LITTLEJOHNS: UN Development Programme.

HALLIDAY: ... Iraq was one of the few countries where child morbidity and child mortality is on an increase, which is an indictment in the sense of the situation we have today.

CROSSETTE: What do you say the people then in this country and all around the world who say, "well for more than 5 years, President Hussein could have put, perhaps, more money into his hospitals and into medicine and into things that the people need rather than let the situation get this bad. When one sees around Baghdad all kinds of expensive construction projects, not simply the famous palaces but other things – government buildings, towers – things that must have cost quite a bit?

HALLIDAY: Well, I'd say the domestic budget of this country – of Iraq – is unknown to me and one has got to assume there's a very large outlay per month to sustain this country -- its system, its infrastructure, its civil servants, its hospitals and all of the other needs of a nation of this size, as I said, of 23 million people. I am not prepared to make judgments about where the money goes or the priorities of the government. That's clearly for the Iraqi authorities to determine. The fact is, however, that the intake of hard currency is very limited. Another, the 986 revenue package of 2 billion per 6 months, it's small stuff. There's a protocol for Jordan, as you probably know, which is more a barter arrangement. There's an outflow of petroleum products through Turkey. But this is relatively small money, given the need of a country this size. So, it's debatable to me as to what – where is this huge resource respect of going into hospitals or nutrition or education. It's not clear to me what these figures really are.

DERGHAM: Is the increase that's suggested that's being spoken about, I – okay, it was 2 billion dollars every six months in the past and, from what I understand, it would be 4 billion at least in as far as the capacity of Iraq to put out the oil – let's say at least 4 billion up to 5 billion for the next 6 months. Given the fact that a huge chunk of it is deducted for other purposes, the net amount, would it be good enough for your programme to take a leap in its job in alleviating the suffering of the Iraqi individuals and ordinary people, or do you think that's just simply not enough, yet?

HALLIDAY: It will never be enough. But believe me the Secretary-General's recommendation of 5.2 billion per 6 months, which the Security Council has endorsed, would make a very significant difference, not only to the immediate needs of nutrition, food stuffs and quality in protein, as I mentioned, and the additional input into the health sector, both rehabilitation and basic needs bringing it up to a more acceptable level of supply per individual. But the additional resources going into domestic agricultural production, going into the education system, going into the water and sanitation system, which is a fundamental importance as I mentioned, plus the electricity setter – it's a beginning of a major improvement. I emphasized the beginning because we're talking about a huge need here, we reckoned something like 10 to 12 billion dollars and that's going to take time and a lot of money helplessly, by definition, and you have to understand that there are gross and net figures

here. Currently, the compensation arrangements, for example, represent 30% which comes off the top of the current 2 billion.

LITTLEJOHNS: Compensation to the victims of the war.

HALLIDAY: Yes, it goes to the Compensation Committee in Geneva. Therefore, we're talking net. So of the 2 billion today for 6 months, we actually implement little less than 1.4. Under the 5.2 – 5.2 is a gross figure also. That represents about 3.4 billion per 6 months, which is a lot of money. But you know, it's a big country and a lot of needs. It takes time.

LITTLEJOHNS: But it also means an awful lot of oil because the price of oil has dropped to 5% this week.

HALLIDAY: Well, this is the current tragedy in a sense. We have a willingness on the part of Member States. We have the opportunity to make a significant difference with the government and now the capacity to pump and sell is undermined, particularly, by the price of oil which has gone from, roughly, 40-45 percent less than it was this time last year, which makes it extremely difficult for the Iraqi government to sell the oil to bring up the revenues to the level that they would like and, certainly, the Secretary-General would like.

CROSSETTE: When one looks at the list of contracts that have been awarded for various food stuffs and other imports, you notice, among other things, that the United States figures heavily in being able to sell, leaving aside the politics of the issue, it would indicate that the Iraqis are actually looking to buy the best and most easily available material wherever they can, even if it is in countries that, perhaps, they feel are causing them the problem. I guess, what I am asking is to talk a little bit about what you understand of how they work and how successful this has been and how much they have done.

HALLIDAY: Yes, I think, it underlines the fact that the ministries and the government officials who are responsible for this programme are dedicated to making it work. When it comes to contracting, they have their own competitive bidding system, they have their supply contacts and they have gone worldwide, it seems to me, without any prejudice or bias of any sort, as you quite frankly point out, I think, currently, the US is one of the bigger – biggest, perhaps, suppliers of basic foods, wheat, etc. I think it just shows that the commitment to making this thing work in getting quality and quantity, the best possible price with the best possible delivery dates.

CROSSETTE: Has the delivery been a problem at all, considering the rather limited gateways that Iraq is allowed to have with the outside world?

HALLIDAY: Yes, delivery has been a frustration, much less than food supplies, although in the absence of a reserve stock, one always worries because of a 2 or 3 ships do not

arrive on schedule, with large quantities of wheat, for example, we can anticipate a short fall. In the area of medicines, there have been significant delays. Some of it has to do with contracting, much of it has to do with the manufacture of drugs, medicines and basic health needs. This takes time - 2 or 3 months often. And there's the delivery, then there's the testing factor within the country. Within the country, by and large, however, distribution of food is extremely efficient – run by the government through some 50,000 agents. In the health sector, it's been a little bit more problematic because of the breakdown in transportation equipment, the cold chain, refrigeration requirements. It's working but it's not working quite as well, perhaps, as the food.

DERGHAM: Mr. Halliday, I'd very much like your – as a man who is there, living with the people. Now, there is two schools of thought. One that says: 'why not this Oil for Food formula be the *de facto* substitute for lifting the oil embargo?' and another school of thought is: "of course not, because that is not going to fix the country as it should be fixed." What is your view and how will it affect life in Iraq if this is the case that Oil for Food is a *de facto* substitute for lifting the oil embargo?

HALLIDAY: I don't believe that's anybody's intention even at a 5.2 billion dollar level for six months. This is not a substitute for a free economy and marketing of oil, given the market situation, taking into account supply and demand prices and what-have-you. It's a short-term programme which we're trying to make into a programme that has an investment factor, knowing that the government establishes the priorities – money into jumbo domestic agricultural production may begin under 986 and hopefully would continue for many years under government management totally without the 986 programme. I think it's unfortunate to link the two things. I think we have to continue to focus on the short-term needs pending the political decisions that the Secretary-General is concerned with.

DERGHAM: And you feel there is a sort of a new atmosphere or it – like the Secretary-General said, 'qualitative difference" in the relationship between Iraq and the United Nations in the aftermath of resolving the crisis. Do you share the view that there might be 'qualitative difference' that would bring a new page into the relationship?

HALLIDAY: I must say, one or two days after the Secretary-General's departure from Baghdad, a senior government official said to me, "you know, Mr. Halliday, what was not possible last week, it's certainly possible this week. So, I think the atmosphere has changed. This feeling of - 'let's work together, we have a current crisis here, let's do it together' – it's certainly a tangible thing and it's very welcome clearly to all of us involved.

CROSSETTE: To follow on that, I'm interested in the fact that there will now be more high level United Nations people in Baghdad and in fact, the United Nations is spreading

its presence remarkably over the last two weeks, some new offices being set up and so on. Will this change the sort of isolation in which you work. You have a UN community really in Baghdad now.

HALLIDAY: Well, you know, under the present circumstances the UN family represents the largest expatriate group in the country. It's the fact that we're going to have some new senior colleagues present is all for the good, as far as I'm concerned, and I'm sure we'll hopefully do better than we've been doing, and we'll work even closer with the government and we'll see more, even more positive results.

DERGHAM: Is the humanitarian staff still upset with the way the UNSCOM, the inspector staff has behaved. Are they still upset with them or is this, I think, to be better too?

HALLIDAY: Well, yeah, I have to feel that I have been somewhat misquoted here and that UNSCOM staff, our UN colleagues, we work together, it's the same flag, the same Secretary-General and despite what one reads, you know, we eat together in the same cafeteria. We don't necessarily work together, but we certainly are close in many respects and they're good people and we try to be good people ourselves and together, we try to make a difference.

LITTLEJOHNS: Mr. Halliday, I'm sure you're a good person. That's all the time we have. Thank you for being with us on this edition of **World Chronicle.**

Our guest has been Denis Halliday, United Nations Humanitarian Coordinator for Iraq. He was interviewed by Barbara Crossette of *The New York Times* and Raghida Dergham of *Al-Hayat of London*.

I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**